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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of)	CASE NO.
12 THE CALIFORNIA CORPORATIONS)	
13 COMMISSIONER,)	
14 Complainant,)	1) STATEMENT IN SUPPORT OF ORDER
15 v.)	LEVYING ADMINISTRATIVE
16 TERRELL ORNETT HICKMAN; THE)	PENALTIES PURSUANT TO
17 PROMINENT GROUP LLC; PROMINENT)	CORPORATIONS CODE SECTION 25252;
18 BUSINESS MANAGEMENT INC.;)	
19 220 E. FLAMINGO ROAD 224 LLC;)	2) CLAIM FOR ANCILLARY RELIEF
20 230 E. FLAMINGO ROAD 114 LLC;)	PURSUANT TO CORPORATIONS
21 270 E. FLAMINGO ROAD 115 LLC.)	CODE SECTION 25254;
22 Respondents.)	3) DESIST AND REFRAIN ORDER

23 Preston DuFauchard, the California Corporations Commissioner (“Commissioner”) of the
24 Department of Corporations (“Department”), collectively (“Complainant”), alleges and charges as
25 follows:

26 **I.**

27 **STATEMENT OF FACTS**

28 1. Terrell Ornett Hickman (hereinafter “T. Hickman”) is an individual managing The
Prominent Group LLC, (hereinafter “TPG LLC”) and Prominent Business Management Inc.
(hereinafter “PBM Inc.”) located at 468 N. Camden Drive, Suite 200, Beverly Hills, California

1 90210. TPG LLC is a Nevada limited liability company, registered on March 3, 2006 and has a
2 registered office at 4760 South Pecos Road, Suite 103, Las Vegas, Nevada, 89121.

3 2. PBM Inc. was registered with the California Secretary of State on April 27, 2004 and
4 is a suspended California corporation with a registered address at 468 N. Camden Drive, Suite 200,
5 Beverly Hills, California 90210. T. Hickman is the registered agent for service of process for the
6 company and was at all relevant times the control person of PBM Inc. T. Hickman was terminated
7 as an employee of American Express Financial Services on March 11, 2004, which firm was at that
8 time a licensed broker-dealer in the State of California. PBM Inc. was the recipient of \$202,720.69
9 in payments related to condominium purchases in Las Vegas, Nevada between October 2006 and
10 June of 2008, all of which purchases were arranged by T. Hickman and TPG LLC.

11 3. TPG LLC is the manager of 220 E. Flamingo Road 224 LLC, a Nevada limited
12 liability company which has a registered address of 4760 South Pecos Road, Suite 103, Las Vegas,
13 Nevada, 89121, and was registered with the Secretary of State on September 18, 2006. This
14 company is currently in default status with the Secretary of State of Nevada.

15 4. TPG LLC is the manager of 230 E. Flamingo Road 114 LLC, a Nevada limited
16 liability company which has a registered address of 4760 South Pecos Road, Suite 103, Las Vegas,
17 Nevada, 89121, and was registered on September 18, 2006. This company is currently in default
18 status with the Secretary of State of Nevada.

19 5. TPG LLC is the manager of 270 E. Flamingo Road 115 LLC, a Nevada limited
20 liability company which has a registered address of 4760 South Pecos Road, Suite 103, Las Vegas,
21 Nevada, 89121, and was registered on September 18, 2006. This company is currently in default
22 status with the Secretary of State of Nevada.

23 6. The 220 E. Flamingo Road 224 LLC, the 230 Flamingo Road 114 LLC, and the 270
24 E. Flamingo Road 115 LLC, (hereinafter "The Flamingo Road LLC's") are controlled by T.
25 Hickman, as the manager of TPG LLC. All of the three companies above were registered as limited
26 liability companies by T. Hickman and TPG LLC. Each of The Flamingo Road LLC's was formed
27 for the purpose of acquiring, managing and disposing of real estate. T. Hickman offered and sold
28 securities, in California, in the form of membership interests in the three Flamingo Road LLC's to

1 elderly residents of the State of California for the purported purpose of raising capital to purchase
2 real estate in Las Vegas, Nevada.

3 **VIOLATION OF CORPORATIONS CODE SECTION 25110**

4 **(UNQUALIFIED OFFER AND SALE OF SECURITIES)**

5 7. In October, 2007, T. Hickman and TPG LLC sold to a then resident of California a
6 “partnership interest” in the form of a promissory note issued by TPG LLC for \$50,000. The
7 promissory note by its terms was to be repaid, commencing in six months, or in March, 2008. There
8 were further provisions for the payment of dividends if net profits were earned. The proceeds of the
9 note were to “be allocated to the Private Equity Investments made by The Prominent Group LLC.”
10 This promissory note was a security and was offered and sold in the State of California.

11 8. In March, 2006, T. Hickman offered and sold securities to California residents in the
12 form of an investment contract for \$100,000 with PBM Inc. to manage investor funds in a real estate
13 project in Las Vegas, Nevada.

14 9. In January, 2009, T. Hickman offered and sold securities in the form of membership
15 interests in TPG LLC to residents of the State of California.

16 10. The membership interests in The Flamingo Road LLC’s and TPG LLC and the
17 investment contract with PBM Inc. and the promissory note issued by TPG LLC were offered or
18 sold in this state in issuer transactions, between June 2006 and January 2009. The Department of
19 Corporations has not issued a permit or other form of qualification authorizing any person to offer or
20 sell these securities in this state.

21 **VIOLATION OF CORPORATIONS CODE SECTION 25401**

22 **(MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS)**

23 11. In connection with these offers and sales, T. Hickman, TPG LLC, PBM Inc. and the
24 Flamingo Road LLC’s have engaged in the offer and sale of membership interests in limited liability
25 companies and investment contracts and promissory notes, in this state, by means of unsolicited
26 telephone calls to investors prior to determining whether the prospective purchaser was a “qualified”
27 purchaser, a practice also known as “cold calling”.

1 12. At the time of the offer and sale of these securities between April 2007 and January
2 2009, T. Hickman and TPG LLC failed to disclose to investors in the 230 E. Flamingo Road 114
3 LLC and investors in TPG LLC and PBM Inc. and to the investor in the promissory note issued by
4 TPG LLC:

5 a) that TPG LLC and T. Hickman had caused real property in Las Vegas, Nevada at 230 E.
6 Flamingo Road 114 to be purchased in the individual names of two investors in the 230 E. Flamingo
7 Road 114 LLC as joint tenants, and not in the name of the 230 E. Flamingo Road 114 LLC and had
8 effected this transaction in June, 2006. The investors were never informed of the creation of the
9 joint tenancy at the time of the purchase or at the execution of the operating agreement for the 230 E.
10 Flamingo Road 114 LLC which was signed on April 27, 2007;

11 b) that a delinquency notice had been filed with the County Recorder of Clark County,
12 Nevada against the property at 230 E. Flamingo Road 114 as of June 27, 2008 for failure to make
13 timely payments to the Meridian Private Residence Homeowners Association;

14 c) that as of January 30, 2009 all assessments, late fees, interest, association charges, legal
15 fees, collection fees and costs had gone unpaid on the property located at 230 E. Flamingo Road
16 114;

17 d) that as of January 1, 2009 a default in payment then due on a Deed of Trust had occurred
18 in relation to the property located at 230 E. Flamingo Road 114; and

19 e) that as of October 31, 2008 a "Notice of Default and Election to Sell Pursuant to the Lien
20 for Delinquent Assessments" had been filed with the County Recorder of Clark County, Las Vegas,
21 Nevada for failure to pay assessments, late fees, interest, association charges, legal fees, collection
22 fees and costs in relation to the property located at 220 E. Flamingo Road 224.

23 f) that Terrell Hickman was terminated from his position at American Express Financial
24 Services in March of 2004.

25 13. The Grant Deed recorded in Clark County, Las Vegas, Nevada on June 20, 2006 for
26 property at 230 E. Flamingo Road 114 (APN 162-16-810-297) reflects the address of T. Hickman
27 and TPG LLC as the address of the purchasers, and bears the notation that upon recording the deed,
28 all tax statements are to be sent to the 468 N. Camden Drive, Suite 200, Beverly Hills, CA 90210

1 address.

2 **VIOLATION OF CORPORATIONS CODE SECTION 25230**

3 **(UNLICENSED INVESTMENT ADVISER ACTIVITY)**

4 14. Commencing in 2005, T. Hickman solicited and accepted funds in California from a
5 resident of California to provide investment advice. T. Hickman accepted \$6000 in consideration of
6 offering a range of financial services and advice related to the sale and purchase of securities.

7 15. T. Hickman did not have a valid investment adviser certificate issued by the
8 California Department of Corporations or the Securities and Exchange Commission then in effect, in
9 violation of California Corporations Code section 25230.

10 **II.**

11 **ORDER LEVYING ADMINISTRATIVE PENALTIES**

12 **(For violations of Corporations Code sections 25110 and 25401)**

13 16. Complainant re-alleges and reincorporates by reference paragraphs 1-15 of this
14 Statement in Support as though fully set forth herein.

15 17. Corporations Code section 25252 authorizes the Commissioner to issue an order
16 levying administrative penalties against any person for willful violations of any provision of the CSL
17 and any rules promulgated thereunder. Specifically, Corporations Code section 25252 provides, in
18 relevant part:

19 The commissioner may, after appropriate notice and opportunity for
20 hearing, by orders, levy administrative penalties as follows:

21 (a) Any person subject to this division, other than a broker-dealer or
22 investment adviser, who willfully violates any provision of this
23 division, or who willfully violates any rule or order adopted or issued
24 pursuant to this division, is liable for administrative penalties of not
25 more than one thousand dollars (\$1,000) for the first violation, and not
26 more than two thousand five hundred dollars (\$2,500) for each
27 subsequent violation.

28 18. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1
through 15, Respondents willfully violated the following provisions:

a) Corporations Code section 25110 by offering and selling membership interests,

1 promissory notes and investment contracts that are not qualified by the Department or exempt to the
2 following investors:

- 3 i) Investor #1
- 4 ii) Investor #2
- 5 iii) Investor #3
- 6 iv) Investor #4
- 7 v) Investor #5

8 b) Corporations Code section 25401 by making untrue statements in association with
9 the offer and sale of membership interests, promissory notes and investment contracts to the
10 following investors:

- 11 i) Investor #1
- 12 ii) Investor #2
- 13 iii) Investor #3
- 14 iv) Investor #4
- 15 v) Investor #5

16 c) Corporations Code section 25230 by soliciting and accepting funds in
17 consideration of providing investment advice with regard to the sale and purchase of
18 securities without a valid investment adviser certificate issued by the California Department
19 of Corporations or the Securities and Exchange Commission, then in effect to the following
20 investor:

- 21 i) Investor #1

22 **WHEREFORE**, good cause showing, and pursuant to Corporations Code section 25252,
23 the Commissioner prays for an order levying administrative penalties individually, jointly and
24 severally against Respondents Terrell O. Hickman, The Prominent Group LLC, Prominent
25 Business Management Inc., 220 E. Flamingo Road 224 LLC, 230 E. Flamingo Road 114 LLC
26 and 270 E. Flamingo Road 115 LLC as follows:

27 A) That pursuant to Corporations Code section 25252, the Commissioner levy
28 administrative penalties of one thousand dollars (\$1,000) for the first violation of Corporations

1 Code section 25110 and two thousand five hundred dollars (\$2,500) for each subsequent violation,
2 as listed below, for a total amount of eleven thousand dollars (\$11,000).

- 3 1) Investor #1 - \$1,000
- 4 2) Investor #2 - \$2,500
- 5 3) Investor #3 - \$2,500
- 6 4) Investor #4 - \$2,500
- 7 5) Investor #5 - \$2,500

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9 B) That pursuant to Corporations Code section 25252 (a), the Commissioner levy
10 administrative penalties of one thousand dollars (\$1,000) for the first violation of Corporations
11 Code section 25401 and two thousand five hundred dollars (\$2,500) for each subsequent violation,
12 as listed below, for a total amount of eleven thousand dollars (\$11,000).

- 13 1) Investor #1 - \$1,000
- 14 2) Investor #2 - \$2,500
- 15 3) Investor #3 - \$2,500
- 16 4) Investor #4 - \$2,500
- 17 5) Investor #5 - \$2,500

18 C) That pursuant to Corporations Code section 25252 (a), the Commissioner levy
19 administrative penalties of one thousand dollars (\$1,000) for the first violation of
20 Corporations Code section 25230 and two thousand five hundred dollars (\$2,500) for each
21 subsequent violation, for a total amount of three thousand five hundred dollars (\$3,500).

- 22 1) Investor #1 - \$1,000
- 23 2) Investor #1 - \$2,500

24 D) The total amount of administrative penalties for Respondents' violations of
25 Corporations Code sections 25110 and 25401 and 25230 is twenty-five thousand five
26 hundred dollars, (\$25,500).

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III.

CLAIM FOR ANCILLARY RELIEF

(For violations of Corporations Code sections 25110 and 25401 and 25230)

19. Complainant re-alleges and reincorporates by reference paragraphs 1-15 of this Statement in Support as though fully set forth herein.

20. Corporations Code section 25254 authorizes the Commissioner to seek ancillary relief on behalf of any person injured by violations of any provision of the CSL and any rules promulgated thereunder. Corporations Code section 25254 states:

(a) If the commissioner determines it is in the public interest, the commissioner may include in any administrative action brought under this part a claim for ancillary relief, including, but not limited to, a claim for restitution or disgorgement or damages on behalf of the persons injured by the act or practice constituting the subject matter of the action, and the administrative law judge shall have jurisdiction to award additional relief.

(b) In an administrative action brought under this part, the commissioner is entitled to recover costs, which in the discretion of the administrative law judge may include an amount representing reasonable attorney’s fees and investigative expenses for the services rendered, for deposit into the State Corporations Fund for the use of the Department of Corporations.

21. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1-15, Respondents sold unqualified securities by means of misrepresentations or omissions of material facts in an amount of at least six hundred and sixty-three thousand dollars (\$663,000) to at least five (5) California investors in violation of Corporations Code sections 25110 and 25401. Respondents also solicited and accepted funds for providing financial advice without a valid investment adviser certificate in violation of Corporations Code section 25230, and these funds totaled six thousand dollars, (\$6000) for a total of six hundred and sixty-nine thousand dollars (\$669,000).

WHEREFORE, good cause showing and the Commissioner’s determination that this action is in the public interest and necessary to effectuate the Department’s primary, legitimate, regulatory purpose based upon the Respondents’ violations of the CSL, the Commissioner hereby prays for an order of ancillary relief pursuant to Corporations Code section 25254, individually, jointly and

1 under the California Corporate Securities Law of 1968, and are being or have been offered or sold
2 without being qualified in violation of Corporations Code section 25110.

3 25. Further, the California Corporations Commissioner is of the opinion that Terrell
4 Ornett Hickman and Prominent Business Management Inc. has engaged in soliciting and accepting
5 funds in consideration of offering financial services and advice relating to the purchase and sale of
6 securities, in this state, without first securing from the Commissioner a certificate, then in effect,
7 authorizing him to act as an investment adviser, or unless exempt, in violation of Corporations Code
8 section 25230.

9 26. Further, the California Corporations Commissioner is of the opinion that the
10 securities representing memberships of limited liability interests in The Prominent Group LLC and
11 230 E. Flamingo Road 114 LLC, and 220 E. Flamingo Road 224 LLC, and a promissory note and an
12 investment contract with Prominent Business Management Inc., were offered or sold in this state by
13 means of written or oral communications which included an untrue statement of a material fact or
14 omitted to state a material fact necessary in order to make the statements made, in the light of the
15 circumstances under which they were made, not misleading, in violation of section 25401 of the
16 Corporate Securities Law of 1968.

17 **IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:**

18 A) Pursuant to section 25532 of the Corporate Securities Law of 1968, The Prominent
19 Group LLC, Prominent Business Management Inc., Terrell Ornett Hickman, 270 E. Flamingo Road
20 115 LLC, 230 E. Flamingo Road 114 LLC and 220 E. Flamingo Road 224 LLC desist and refrain
21 from the further offer or sale in the State of California of securities, including but not limited to
22 membership interests in limited liability companies, investment contracts and promissory notes,
23 unless and until qualification has been made under the law, or unless exempt.

24 B) Pursuant to section 25532 of the Corporate Securities Law, The Prominent Group
25 LLC, Terrell Ornett Hickman, 230 E. Flamingo Road 114 LLC and Prominent Business
26 Management Inc. desist and refrain from offering or selling or buying or offering to buy any security
27 in the State of California, including but not limited to membership interests in limited liability
28 companies, by means of any written or oral communication which includes an untrue statement of a

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material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

C) Terrell Ornett Hickman, and Prominent Business Management Inc. pursuant to 25532 of the Corporate Securities Law, desist and refrain from violating Corporations Code section 25230 and acting as an investment adviser in the State of California unless and until they have first applied for and secured from the Commissioner a certificate, then in effect, authorizing them, and each of them, to act as an investment adviser, or unless exempt.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968. This Order shall remain in full force and effect until further order of the California Corporations Commissioner.

Dated: May 3, 2010
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division